



SECP

Through Fax & Courier

No. EMD/242/I/05/09 - 421

December 20, 2012

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Advisor,
Transparency International Pakistan,
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Karachi.
Phone: 021-35390408-9
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Subject: Bahria Town (Pvt.) Limited

Dear Sir,

I refer to your letter dated December 17, 2012 on the above noted subject.

The Securities and Exchange Commission of Pakistan ("SECP") being a progressive and efficient regulatory agency strives for protection of the interests of shareholders and other stakeholders with a view to promoting good governance in the corporate sector and capital market of Pakistan. The SECP achieves its goals and objectives through responsive policy measures and effective enforcement practices.

2. As you are already aware, the SECP had adjudicated on the violation committed by Bahria Town (Pvt.) Limited ("the Company") with regard to misstatement in respect of information submitted to this Commission pertaining to their Margala Enclave Project. An aggregate penalty of Rs. 1.0 million on the management was imposed vide Order dated March 12, 2012. The Commission has also issued a show cause notice under section 495 of the Companies Ordinance, 1984 to the management of Bahria Town (Pvt.) limited for non-compliance with the directives issued by the Commission vide the aforesaid Order.

3. We would also like to bring to your notice that in the meanwhile SECP had initiated off-site examination of the annual audited accounts (the "Accounts") of the Company for the years ended 30.6.2009, 30.6.2010 and 30.6.2011. The Company has been directed vide letters dated 13.6.2012, 20.6.2012 and 2.11.2012 to furnish certain information/evidence of compliance with various provisions of the Companies Ordinance, 1984 and Rules made there-under. The process of off-site examination is time-consuming and involves scrutiny of a large quantum of information with supporting documents in order to evaluate the authenticity of the transactions for identifying any non-compliance. Further course of action will be decided on the basis of the findings of the analysis conducted as aforesaid on merit.

4. As regards the matter of tax evasion raised in your letter, the Federal Board of Revenue ("FBR") holds the mandate to take cognizance. However, SECP will extend all possible support to FBR in probing the anomalies detected in the Accounts and other record of the Company filed with SECP and FBR, as given in the findings of the 'One-Man Inquiry Commission's Report'. In the event violations of the Companies Ordinance, 1984 are noted necessary action will be initiated.

Yours truly,

(Bilal Rasul)

Director (Enforcement)/
Additional Registrar of Companies

SECURITIES & EXCHANGE
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Islamabad, Pakistan